

TRANSMITTAL # 2

MEMORANDUM

May 8, 2008

TO: Workforce Development Council

FROM: Roger B. Madsen, Director *Roger B. Madsen*

SUBJECT: Extension of PY 2007 WIA Service Provider Contracts

ACTION REQUESTED: Approval of PY 2008 Interim Service Plan

BACKGROUND

During its January 2008 meeting, the Workforce Development Council established a Youth Program Design Committee to review WIA youth program service design options and provide recommendations to the council. The regular four-year cycle of review of the youth program, which had formerly been conducted on a regional basis by local workforce investment boards, was delayed due to the possibility of congressional reauthorization of WIA. The council appointed this committee to conduct a review of the design and procurement options for specific portions of the youth program services as required by WIA regulations.

The committee, chaired by Jim Schmidt with Kara Besst and Jan Nielsen as members, met and discussed options for the council's consideration. As part of this process staff met with other youth service providers to identify gaps in services to youth and how WIA resources might best be utilized in leveraging other partner resources. The committee anticipates making recommendations for service delivery and procurement of youth services at the council's September 2008 meeting with implementation scheduled for January 2009. This timeline requires that current youth service provider contracts be extended for an additional six months while the new service and procurement model is developed and implemented by the council.

While the youth program regulations require procurement of certain youth services, the law allows the one stop operator to deliver all adult and dislocated worker program services without regard to procurement. All dislocated worker services and the vast majority of the adult program are delivered by the Idaho Department of Labor through the one-stop system. North Idaho College in Region I and Magic Valley Youth and Adult Services in Region IV are two exceptions. These providers were originally selected by the regional workforce investment boards to operate programs alongside the Idaho Department of Labor one-stop centers. While the contracts with NIC and MVIYAS have been extended

over time, basic procurement policy would suggest that the Idaho Department of Labor initiate a new procurement process to provide the option of supplementing services through the One-Stop System.

WIA FUNDING REDUCTIONS

The United States Department of Labor made three separate rescissions to WIA funding allocations in prior fiscal years resulting in a reduction in funding of \$310,066 in Idaho. In 2008 funding was further reduced by \$576,031. Overall, Idaho has seen a 58 percent reduction in WIA funding since Program Year 2002.

WIA Funding	Program Year 2008	Program Year 2002	Percent Loss
Adult	\$ 2,148,466	\$ 4,104,687	48%
Youth	\$ 2,290,478	\$ 4,707,750	51%
Dislocated Worker	\$ 2,015,620	\$ 6,382,042	68%
Totals	\$ 6,454,564	\$15,194,479	58%

WIA PERFORMANCE

Despite the reduction in funding, Idaho led the nation in finding jobs for low-income adult workers between mid-2006 and mid-2007. Under Idaho's WIA Adult program, 299 of the 310 low-income adults who received training, 96.5 percent, secured employment. Arkansas placed second with 92 percent. The national average was 78.2 percent. In addition, nine of 10 Idaho low-income adults placed in jobs remained on the job nine months later. Idaho ranked fourth nationally while the national job retention rate was 83.5 percent.

Idaho's 84.1 percent rate for either finding jobs or an educational program for low-income youth ranked second nationally behind the District of Columbia. The national average was just over 60 percent. Of the 329 youth placed in educational programs in Idaho, 247, or 75.1 percent, received a degree or certificate, the sixth highest percentage in the country. The U.S. average was just over 44 percent.

Idaho's WIA program also placed near the top in other key measures of its effectiveness in workers who have lost their jobs through plant closures and downsizing. Idaho placed 94.1 percent of its dislocated workers, 491 of 522 to receive assistance, to rank second to Puerto Rico at 94.7 percent. The national average placement rate was 83 percent.

It is important to note that these successes came during a period of record low unemployment in the state and despite federal funding reductions of more than half for the specialized job training program to under \$7 million in just four years.

CURRENT WIA SERVICE PROVIDERS

The Idaho Department of Labor is the primary provider for WIA adult and youth services and the sole provider of dislocated worker services and serves as the area's one-stop operator for each of the 25 one-stop centers located throughout the state. Other service providers receiving WIA funds include:

Region I:

- North Idaho College receives 20 percent of the adult funds in the region to provide vocational training to the adult population in north Idaho.
- Youth funding is currently awarded to five projects providing direct service to youth 14-21 years of age including Boundary County School District, Project CDA, St. Maries School District, TESH Inc. and West Bonner County School District. The primary focus of these programs is to ensure that youth stay in school, enter postsecondary education or obtain employment.

Region IV:

- Magic Valley Youth and Adult Services is the primary provider of youth services and currently receives 50 percent of the adult resources.

Staff Recommendation

Staff recommend the council authorize an Interim Service Plan for WIA funding for PY 2008 that would:

1. **Extend current contracts with all PY 2007 WIA youth service providers for six months subject to achievement of performance goals or demonstration of the capacity to achieve these goals, pursuant to a recommendation from the Youth Program Design Committee.** This allows for a continued high level of performance and continuity in work force program delivery while the Youth Program Design Committee develops a delivery strategy and procurement process for council action,
2. **Extend the current contracts with all PY 2007 WIA adult service providers subject to achievement of performance goals or demonstration of the capacity to achieve these goals.** This allows for a continued high level of performance and continuity in work force program delivery while an Adult Program Design Committee is appointed by the council and develops a procurement process for the council to consider at its January 2009 meeting and
3. **Continue the current distribution formula based on each provider's relative share of the regional allocation with the contingency that each service provider must expend 85 percent of its participant funds by the end of the program year to be eligible for distribution of any carry-in funds. Any additional money made available through the withdrawal or decision to withhold a contract offer based on nonperformance would be allocated on the same relative share among those approved for funding. Fifty percent of youth program funding would be held in reserve pending council action in September.**

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